

Government in industry

Crown
Corporations

a brief account
of saskatchewan
crown corporations



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FACTS ABOUT THE CROWN CORPORATIONS

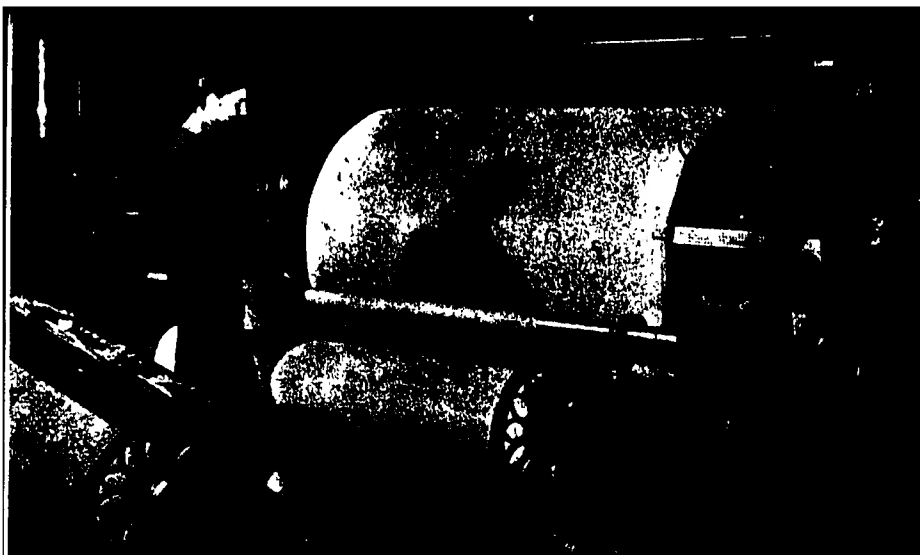
Premier T. C. Douglas gave to the 1947 session of the Legislature the following information concerning the Government's Crown Corporations:

- For the year ending March 31, 1946, these enterprises, including the Power Commission, showed an operating surplus of \$374,000, and a net profit after depreciation reserves of \$228,000.
- For the six months period ending September 30, 1946, they made an operating surplus of \$497,000, and a net profit after depreciation of \$329,000.
- For the same six months period the Crown Corporations wholly started by the present Government, excluding the Power Commission, showed an operating surplus of \$282,000, and a net profit after depreciation of \$190,000.

PRIVATE BUSINESS

Pointing out that government enterprise had not discouraged private business in the province, Premier Douglas gave in the same speech the following information concerning private enterprise in Saskatchewan during the period July 1, 1944, to January 27, 1947:

- 335 provincial companies, with a capitalization of \$34,409,000, had been incorporated.
- 65 extra-provincial companies, with a capitalization of \$70,000,000 had come into the province.
- 1,307 partnerships had been formed in the province.



WOOLLEN MILL

Western Canada's largest and most modern woollen mill is the one operated at Moose Jaw by Saskatchewan Wool Products, a division of Saskatchewan Government Industries. Here, amid the whirr and staccato clatter of complicated and delicate machinery, Saskatchewan wool is manufactured into downy blankets and durable clothing material by skilled Saskatchewan workers. The finished products find a ready welcome in provincial and western markets.

Overcoming the obstacle of wartime shortages, the government obtained the necessary machinery and a few technical experts during 1945. By 1946 production had begun and "green" Saskatchewan workers, most of whom had never before seen the inside of a woollen mill, soon learned to master their various jobs through a training-on-the-job program. Production increased and parts of the plant went on a 24-hour basis. Manufacturing was confined to more simply and easily made blankets at first, but as skill and experience have increased various types of pattern cloth have been added. In addition to other work, the mill does a big volume of custom manufacturing for persons sending in their own virgin wool or knitted woollen goods to be made into high quality blankets.

Goods which you may now purchase through your local retailer, or directly from the factory, include: warm, fleecy blankets, either satin-bound or with whipped edges and in a wide variety of attractive colours; herringbone suiting, in many lovely shades; shepherd's check suiting, in black or brown with white; and ski cloth, warm and serviceable for many uses. All these products are of the finest quality, worthy products of an industry entirely new to Saskatchewan.

SHOE FACTORY

Operated by Saskatchewan Leather Products, a division of Saskatchewan Government Industries Corporation, the government shoe factory began operations in August, 1945. The plant is located in a fine brick building located in Regina. Equipment came from a Winnipeg factory which was purchased in 1945.

Employing skilled Saskatchewan workers who learned their trade in this entirely new provincial industry, the shoe factory produces men's, boys' and youths' work shoes from leather made from Saskatchewan hides in the concern's own tannery. The employees receive wages higher than the Canadian average for this type of work, in addition to 100 per cent. accident compensation, holidays and overtime provisions.

Shoes now manufactured are good, inexpensive work shoes made to meet Saskatchewan conditions. Considerable improvement in the finish and quality of the product has taken place as the staff has gained experience. The shoes are being distributed through an ever-increasing number of local retail stores in all parts of the province.

LEATHER TANNERY

Saskatchewan Leather Products operates its own tannery, which was established in 1946. Although production has been hampered by the world-wide shortage of certain necessary tanning chemicals, the tannery is manufacturing larger quantities of very high grade leather from Saskatchewan hides. Most of the leather is used by the shoe factory.



GOVERNMENT INSURANCE OFFICE

A little more than two years ago, on May 1, 1945, the first policy was sold by The Saskatchewan Government Insurance Office. The staff then consisted of one person and there was no office and no equipment. During the short period since that time the enterprise has grown so that now it transacts the largest volume of insurance business in Saskatchewan. More than 70 employees now work in the large downtown Regina office, as well as five persons in the Saskatoon and Prince Albert branch offices, and there are 650 agents throughout the province. Since the business began more than 30,000 policies of various types have been issued, and net income up to the end of March 31, 1947, was \$1,484,538.53.

Rapid growth of the Insurance Office has been due to slightly lower than average rates and the desire of people to do business with an organization owned by themselves through their government. Surplus earnings, which appeared from the very first, are to be used by the Government. In addition, Insurance Office holdings of provincial Government bonds help to reduce the carrying charges on the public debt by providing a means by which interest paid on these bonds ultimately returns to the Government.

Apart from its ordinary insurance business, the Government Insurance Office administers The Automobile Accident Insurance Act. During the first year of this plan accident insurance and a degree of public liability protection was provided; about 1,500 persons received benefits ranging up to \$5,225 in individual cases. This year the plan has been extended to provide \$100 deductible collision insurance and a degree of property damage protection, in addition to more generous provision of the previous benefits. Surplus income from this plan does not go to the profit of the Insurance Office nor to the Government, but is retained solely for equalizing premium rates and benefits from year to year.





TRANSPORTATION COMPANY

Beginning operations April 1, 1946, the Saskatchewan Transportation Company has expanded into a province-wide bus system which is one of the most modern in Canada. It is the only such system operated by a provincial government. It reflects the Government's view that bus transportation is an appropriate field for provincial public enterprise, since the highways over which it operates are maintained at public expense and because it is a business which benefits from co-ordinated and planned development.

With the exception of several purchased from private operators, all of the Company's 44 buses are of very latest design and manufacture, and they offer Saskatchewan's travelling public the finest in accommodation. Chief types of buses in the fleet are 18 Brill coaches, each holding 41 passengers, 20 Western Flyers, with a capacity of 28 persons, and four Western Flyers, carrying 32 passengers.

By June, 1947, the Transportation Company was operating 30 routes in various parts of the province, covering 4,347 schedule miles. These included routes where service had never before been given. In addition, numerous other possible routes are being considered with a view to giving Saskatchewan citizens the best possible service. Two transcontinental routes are continuing to be operated by a private company.

A beautiful new bus depot is being constructed at Saskatoon, and another new depot will be built at North Battleford. Headquarters of the Saskatchewan Transportation Company is at Regina, where a remodelled school building next to the Hotel Saskatchewan is serving as both depot and office building.



TIMBER BOARD

The Saskatchewan Timber Board, like the Fish Board, was set up in 1945 to provide orderly production and marketing of timber products. Also like the Fish Board, it is now a division of Saskatchewan Lake and Forest Products Corporation.

Replacing the old system of largely uncontrolled and unplanned production and marketing, the Timber Board handles all saw timber, ties and telephone poles cut from Crown lands. Excluded are fence posts and fuel wood, although both are handled on a voluntary basis. Operators no longer bid for timber stands, but sign contracts for delivery to the Board of the timber, which remains the property of the Province. Prices paid by the Board are based on an upset price related to production costs of lumber at the time of the letting of the contract.

After delivery to the Timber Board, timber products are stored for seasoning and distribution at the Board's piling yards at such points as Love, Nipawin, Carrot River, Hudson Bay, Reserve, Usherville, Weeks, Meadow Lake and Big River. The Board then sells to public bodies such as schools and hospital boards, co-operatives and lumber companies, or directly to consumers in the province. Two retail yards are operated at present, at Big River and at Meadow Lake. Although higher prices may be obtained in the United States, the Board largely restricts sales to Saskatchewan to meet the great demand for housing and other building.

Besides co-operating with the Department of Natural Resources in the matter of forest conservation, the Timber Board pays special attention to the quality of its products and the maximum utilization of the original timber.

The Board offers an excellent service to individuals by selling direct from piling yards at special discounts.

FISH BOARD

The Saskatchewan Fish Board was formed in 1945 to assist the Saskatchewan fishing industry and the fishermen themselves by instituting orderly handling and marketing methods and providing highest possible returns to fishermen. Since then the Board has become a division of the Lake and Forest Products Corporation, the enterprise which also operates the Saskatchewan Timber Board and the Saskatchewan Box Factory.

Operated as a marketing and processing agency, the Fish Board is attempting to accomplish three objectives: increase the provincial market for fish to offset the decline in United States demand; improve production and processing methods; and, return the maximum amount of the final selling price to the fishermen.

Vigorous promotion of fish sales within the province and experiments with various means of processing to meet the problem of storage during the summer months are being undertaken by the Board. Several stores have also been set up to supply fishermen with nets, equipment and food supplies at lowest possible prices.

The Fish Board operates chiefly within three areas of 75 miles radius each centering at Meadow Lake, Lac La Ronge and Beaver Lake, which are the sites of the Board's three cold storage plants.

You can purchase a variety of Saskatchewan fish either from your local dealer or directly from the Board at Prince Albert. By doing so you can provide yourself with the very finest of fresh water fish, a delicacy at any time, and assist our own provincial fish industry.

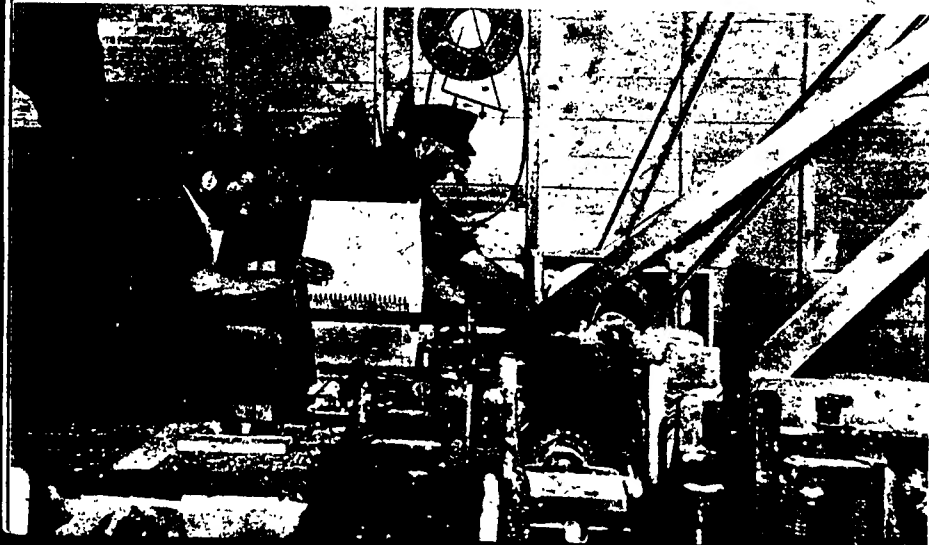


BOX FACTORY

The Saskatchewan Box Factory, which is operated by Saskatchewan Lake and Forest Products Corporation, is a unique Government industry insofar as it was acquired by expropriation as the result of a labour dispute between the former owners and the plant's employees. The dispute had been in existence for some time when the industry was under the jurisdiction of Dominion labour laws, and it continued when jurisdiction passed to the province. The government seized the plant after continued refusal on the part of the owners to bargain collectively with their employees, and after a change in legal ownership which the government considered an attempt to evade labour legislation. The former owners were paid \$71,500 by the government for plant, equipment and stock, by mutual agreement.

Under government management, operations and labour relations have changed materially. Both production and the number of employees has more than doubled. The average wage paid has been increased by 25 cents per hour and, in addition, overtime pay and 100 per cent. compensation for injury has been instituted. Changes in layout and additions to the plant have been made to increase efficiency, and decent facilities for the workers have been provided for the first time.

Products of the factory include boxes for packing meat, poultry, butter, eggs, cheese, and fruit; soft drink cases; grain doors for freight cars; bee supers, and other wooden products. Sawdust, shavings and slabs are also sold for various uses.





FUR MARKETING SERVICE

The Saskatchewan Fur Marketing Service is precisely what its name indicates—a selling agency for fur trapped and produced in Saskatchewan. In the Service's Regina building, representatives of fur manufacturers from such centres as Montreal, Winnipeg and New York attend auction sales and buy fur sent in by trappers and ranchers at prevailing market prices. There are no middle men for most of the fur handled by the Service, and the Service itself does not buy fur in the hope of making a profit at the shippers' expense.

Established in the fall of 1944 as a branch of the Department of Natural Resources, and converted into a Crown Corporation a year later, the enterprise has had a phenomenal growth since that time. During the 1944-45 season \$526,000 worth of furs was handled; this amount increased to \$1,350,000 worth in the 1945-46 season; and a still larger volume of fur was handled in 1946-47, although the money value was down a little due to the sharp drop in fur prices. The increase in business has necessitated a large increase in staff, and two more floors are being added to the present building to accommodate the larger volume.

Secret of the Fur Marketing Service's success lies in the high reputation for integrity and quality grading which it has established with both buyers and shippers. Careful and skilled part lotting has assured fur shippers highest prices for their product and has resulted in satisfied buyers. The Service receives its income only from the small handling commission of five per cent., a part lotting fee of 25 cents and a one per cent. brokerage fee charged to buyers.



SODIUM SULPHATE

The Sodium Sulphate Division of Saskatchewan Minerals Corporation is undertaking the largest sodium sulphate development in the province, at Lake Chaplin, as a public enterprise. Sodium sulphate is a valuable mineral which is used in industrial processes, chiefly by the papermaking, glassmaking, and metal refining industries, and Saskatchewan is one of the few places on the continent where the natural sodium sulphate in dried out alkali lakes is present in commercial quantities. The opportunity for processing and marketing the salt led the Government to consider it as an appropriate field for social development.

Construction of the plant, near the village of Chaplin, began in the summer of 1946, and the first cars of the finished product will be ready for sale in the fall of 1947. The plant consists of a canal dug from Lake Chaplin to several huge earth reservoirs, a pumping system, and a drying plant and storage sheds. During the months of July and August water saturated with dissolved sodium sulphate is pumped from the lake, along the canal and into the reservoirs. As the water cools off in the fall the sodium sulphate precipitates out. The water is drained off at successive levels, taking impurities with it, and pure crystals of sodium sulphate are left on the floor of the reservoir. The thousands of tons of this valuable salt are then scraped up by caterpillar tractors and bulldozers and taken to the drying plants, where the water of crystallization is expelled by means of heat. The final white powder is then ready for shipment in freight cars.

Due to the very heavy demand and high price for sodium sulphate, the Government is expanding considerably beyond that originally intended the capacity of the Chaplin plant.

CLAY PRODUCTS

Saskatchewan Clay Products, a division of Saskatchewan Minerals Corporation, is playing an important role in meeting the tremendous demand for building materials in the province by producing millions of bricks and tiles. The plant at Estevan, which had lain idle since the early 1930's, was purchased by the Government in 1944 and began production in the fall of 1945 after considerable renovation work was carried out. During the season of 1946 production assumed full-scale proportions and up to 81 men were employed at the plant.

Modifications and additions made during the winter of 1946-47 has still further increased efficiency and productive capacity, and the 1947 season is seeing a considerably higher level of production. However, demand has remained so far ahead of production, as is indicated by the fact that the plant has two years' orders on hand, that the possibility of year-round operations and more than one shift per day is being investigated.

An indication of the social basis of the enterprise is the fact that the highest possible return on its products has been sacrificed in part in order to meet provincial building requirements. Although higher prices can be obtained in the United States, only a small portion of production has been allocated to that country so as to make more available in Saskatchewan.

Building brick, face brick and building tile are now being made at the plant, and consideration is being given to the possible production of other high-quality types of building materials, as well as various ceramic products.



POWER COMMISSION

Although not yet reorganized as a Crown Corporation under legislation providing for this passed at the 1947 session of the Legislature, The Saskatchewan Power Commission is one of the province's older publicly-owned industries. It was started in 1929 when it served 711 customers. From that time to 1944 it experienced a slow growth until it owned 1,626 miles of transmission lines serving 146 towns and villages and 12,989 customers. Its growth and operations since 1944 have been much more spectacular.

With the objective of welding the power system of the province into a single, unified system, the Government purchased two large private companies in 1945 and a third in 1947. Incorporating the three private power systems and by building new lines and plants, the Power Commission had added more than 1,000 miles of lines, was serving over 100 more towns and over 15,000 more customers by June, 1947. New lines tied the former chaotic system together into a more unified grid. Total number of customers at the end of 1946 was 28,014.

Along with the expansion went three successive reductions in power rates to customers and, due to greater efficiency, the first accumulated net profit in the Commission's history. Rate reductions in May, 1945, June, 1946, and July, 1947, reduced the maximum electricity rate in most centres from 15 cents per kilowatt hour to nine cents despite the fact that labour and material costs were rising. At the time of the third reduction, in 1947, a plan was announced whereby municipalities could have the Power Commission collect a five per cent. surcharge and paid to them, which would replace taxes formerly received from privately-owned power companies.





GOVERNMENT TELEPHONES

The first commercial-type industry operated by the Saskatchewan Government was the government telephone system, which began with the formation of the Department of Telephones in 1909. This operational function was assumed on June 1, 1947, by a new Crown Corporation, Saskatchewan Government Telephones, while the Department of Telephones retains its regulatory function.

This change was made for two chief reasons: to separate the operational from the regulatory functions of Government agencies; and, to provide the commercial operations with the most appropriate and convenient type of organization.

From 1910, when the Government telephone system had only 20 exchanges and 3,412 subscribers, to the present, its growth has been steady. By the end of 1946 the system had 54,924 subscribers, an increase of 4,328 over the previous year.

Meanwhile, local telephone companies were springing up in rural areas to keep pace with the growth of the Government system. The two systems, that of the multitude of local companies and the Government system, formed the modern means of communication in the province.

The formation of the new, more streamlined organization of the Crown Corporation in the field of telephones operation marks a milestone in the outstandingly successful history of a Government enterprise. With the probability of important new technical developments in the not distant future, Saskatchewan Government Telephones can look forward to similar success and development as has marked its past.



GOVERNMENT PRINTING COMPANY

An enterprise doing work only for the Government is the Saskatchewan Government Printing Company, which produces a large proportion of the printed matter required by the Government. The Company's plant, which consists of a modern brick building in Regina and complete equipment, was purchased from the former owner in 1945. Acquisition of new equipment since that time has increased the capacity of the plant and additional equipment is still on order.

Purpose of the business is to reduce Government outlays for printed material, and it has had a remarkable record in accomplishing this objective. The Company operates by charging established rates for printing obtained by various Government departments and agencies, and then at the end of the year all surplus funds are available for other Government purposes. During the first year of operation nearly 25 per cent. of the total printing charges formed the surplus, resulting in a saving to the Government of over \$25,000, which was formerly paid out to private printers. It is possible the surpluses will repay the purchase price of the plant in less than four years.

The Printing Company now does between 40 and 50 per cent. of the Government's total printing, and this proportion is expected to be greatly increased when additional equipment is obtained and installed. This will result in still further savings to the Government and, ultimately, to the taxpayers.

RECONSTRUCTION CORPORATION

The Saskatchewan Reconstruction Corporation was formed in May, 1945, to act as a purchasing agent for obtaining surplus war assets from the Dominion War Assets Corporation. The objective of the corporation is to purchase these surplus goods in an organized and economical manner and to have them put to socially useful purposes, either by the Government itself or by other public institutions. To this end the Corporation has purchased and disposed of more than \$1,000,000 worth of assets.

Purchases made include airport buildings, some airports, automotive equipment, fire fighting equipment, hospital supplies, road building machinery and miscellaneous articles. Most important use of buildings and building materials has been that of providing housing for returned veterans. Undertaken by the Department of Reconstruction, this housing program has provided 542 suites. Buildings have also been made available to public groups for hospitals, church halls, community centres, Legion halls and for other community and municipal purposes.

In order to recondition automotive and fire fighting equipment the Corporation set up a Machine Shop and Repair Depot in Regina. This work of overhauling automobiles, tractors, trucks and fire trucks, as well as other surplus articles, has provided permanent employment for 60 persons, all of them veterans. In addition, this particular program, which has now been turned over to the Department of Reconstruction, has made it possible to train veterans as mechanics and machine operators so that they may have the opportunity of re-establishing themselves in this line of endeavour.



YOUR CROWN CORPORATIONS

Here are some of the salient facts which every citizen should know about Saskatchewan's Crown Corporations.

What is a Crown Corporation ?

A Crown Corporation is a special type of government organization designed to carry on activities, usually of a commercial business nature, somewhat different from the activities of other government agencies, such as government departments. Thus, the Telephones Corporation and the Insurance Office are engaged in quite a different type of work than, say, the Department of Education or the Department of Agriculture. Crown Corporations are organized more along the lines of private corporations than government departments.

Are Crown Corporations a new thing ?

Crown Corporations are not new, but have been in existence in Canada and other parts of the world for many years. In Canada, for instance, the Dominion Government has had the Canadian Broadcasting Corporation and Trans-Canada Airlines for a considerable time. Dominion Crown Companies played an important part in the war effort; Saskatchewan is using this type of organization for betterment in peace time.

Why are Crown Corporations organized ?

Crown Corporations are established because this type of organization is better suited to undertake commercial business activity than traditional government departments. This does not mean that government departments are necessarily less efficient, but rather they are less suited to carry out certain kinds of work. For example, Crown Corporations can sue and be sued, thereby enabling them to enter into contractual relations more easily; and they have freedom from certain government and civil service regulations which enables them to carry out their type of work to better advantage.

How are Crown Corporations organized ?

Saskatchewan Crown Corporations are organized much like private business organizations, except that Crown Corporations are wholly owned by the Government and therefore every citizen is a shareholder and not just a few persons. There is a board of directors for each; these are made up of one or more cabinet ministers, one of whom is chairman and the minister responsible to the Cabinet and Legislature, deputy ministers or other Government officials, private citizens, and a member of the Industrial Executive Staff. The latter is a small group of men of wide industrial experience who are technical experts in the field of industrial management. Under the boards of directors are the managers who carry on the day to day work of the Corporations.

Are Crown Corporations responsible to the people ?

One of the chief differences between private corporations and Crown Corporations is that the former are responsible for their actions to only a very few people while the latter are responsible to all the people of the province. With general policy laid down by the Legislature and the Cabinet, each Crown Corporation is responsible to the Cabinet as a whole; the Cabinet is responsible to the Legislature, and both the Cabinet and Legislature are responsible to the electors of Saskatchewan. Every citizen can express his opinion on the operations of the Crown Corporations in provincial elections and through other means of expressing public opinion.

How are labour relations ?

Saskatchewan Crown Corporations attempt to be the very best of employers and labour relations have been good. Every group of workers is organized in their own appropriate union and all have collective bargaining agreements with the Corporations. Wages paid are generally higher than the average Canadian wages in these industries. In addition, workers have the advantages of advanced legislation in the fields of accident compensation, vacations with pay and hours of work.

You and the Crown Corporations

As a citizen, you have a vital interest in Saskatchewan Crown Corporations. You own them and they are intended to be operated for your benefit. It must be understood, of course, that Saskatchewan is not going to become a primarily industrial province; our natural resources determine that Saskatchewan will always remain a pre-dominantly agricultural area. However, to the extent that it is feasible to develop suitable industries on a socially-owned basis you obtain such benefits as:

1. Employment for fellow citizens.
2. Local use of natural products.
3. Cheaper goods or services in some cases.
4. Use of profits, that would otherwise go to individuals, to provide you with essential Government services.

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